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## EU-25

### Grain and Feed

## EU Rice Round Up for 2004/05 - Intervention, Imports and Tariffs

2005

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**Report Highlights:**

With the completion of the EU rice marketing year (which runs from September to August), statistics are available on public intervention stocks, import and export licences, as well as Commission estimates of EU rice balance sheets.

Intervention stocks were reduced in half during 2004/05, from 603,000 MT to 302,000 MT.

Import licence data is used to fix the EU' brown rice tariff - for the next six months, the tariff should be EUR 42.50/MT. It should also be noted that the European Commission has announced an agreement with Thailand that could lower milled rice tariffs to EUR 145/MT, a EUR 30 reduction.

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Includes PSD Changes: No

Includes Trade Matrix: No

Brussels USEU [BE2]Unscheduled Report  
[E3]

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## 1 Introduction

This report provides provisional data for the recently finished EU rice marketing year (MY) 04/05 for intervention stocks, import and export licences, as well as Commission working balance sheets for rice. In addition, the EU has announced that it has agreed a deal with Thailand that will lead to lower milled and broken rice tariffs for all EU imports (including US exports to the EU). It must however be noted that the agreement is still provisional, until it is formally published in EU legislation there will be no change, or guarantee that tariffs will change, even though the EU has announced that it intends to make the tariff changes effective from September 1, 2005.

## 2 EU Rice Import Tariffs for MY 05/06

The European Commission has informed EU Member State governments through the Cereals Management Committee that it has reached an agreement with Thailand to reduce the EU milled rice tariff.

The Agreement, which still needs to be approved by both the EU and the Thai government, sets out the following provisions:

- EU bound tariff rates (i.e. the maximum tariff the EU could apply) will be EUR 65/MT for brown rice, EUR 175/MT for milled rice and EUR 128/MT for broken rice.
- The applied tariff (i.e. the tariff the EU will actually apply to imports) for milled rice will be based on the previous years milled rice import volume. If the volume exceeds 387,743 MT then the tariff will be EUR 175/MT, if it is less, then the tariff will be EUR 145/MT.
- The duty will be set twice a year for six months at a time. In September, based on the previous years import volume, and in March based on the six months of imports from the preceding September to February period. For this calculation, the reference quantity will be 182,239 MT.
- The EU will open a new Tariff Rate Quota (TRQ) of 13,500 MT at zero duty, of which 4,313 MT will be allocated to Thailand<sup>1</sup>. There is no indication how the remaining tranche of this quota will be allocated or whether it will be available on an MFN basis.
- The applied tariff for broken rice will be reduced from EUR 128/MT to EUR 65/MT. An existing TRQ of 80,000 MT shall be expanded to 100,000 MT with a duty of EUR 45/MT. (Note 7,281 MT of the original quota is allocated to the US).

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<sup>1</sup> There is an existing 63,000 MT zero duty TRQ for EU milled rice imports, of which 38,721 MT is allocated to the US. EU trade sources had indicated that they thought that the new quota would be allocated in the same proportion as the old quota, but this is not correct. The agreement does not set out how the quota will be allocated, apart from a 4,313 MT slice allocated to Thailand.

The agreement states that these measures should be applied starting September 1, 2005. However, it seems unlikely that the Commission will be able to get the legislation in place in time, and they will be likely to apply the tariffs retroactively once legislation is passed.

The next procedural step is likely to be that the Commission presents the agreement to the Council's 133 committee (composed of Member State trade policy officials), before going to the Agriculture Council. The Italian and Spanish governments are both reported to be strongly opposed to the deal, but it would be rather unusual for a Member State to be able to get the Commission to alter any part of the agreement.

Earlier this year, the EU and US came to an agreement over EU brown rice import tariffs under Article 28 of WTO rules. See GAIN report [E35132](#) for more details.

### 3 EU Import Licences for MY 04/05

		2004-05	2003-04
Paddy	Japonica	792	775
	Indica	489	375
Brown	Japonica	7,917	4,299
	Indica	658,484	570,165
	Of which - basmati	269,234	313,298
Semi-milled	Japonica	2,314	1,229
	Indica	9,259	17,204
Milled	Japonica	34,062	18,492
	Indica	148,124	104,691
Total (milled rice equivalents)	Japonica	42,199	23,112
	Indica	611,385	514,359
	Total	653,584	537,471
Brokens		122,730	138,369

Source: European Commission

Notes: Total rice import licences are converted into milled rice equivalents.

Import licences for rice do not cover all EU imports of rice. They exclude rice imported for inward processing or transshipments out of the EU. In previous years, inward processing has accounted for significant volumes of EU brown rice imports. However, since September 2004 with the introduction of the new EU rice regime (lower EU prices and lower import tariffs), inward processing has become less attractive.

#### EU-25 Total Imports of Brown Rice, 1999 to 2004

'000s MT	1999	2000	2001	2002	2003	2004
<b>World</b>	618	602	663	673	725	724
<b>India</b>	125	137	168	184	192	234
<b>United States</b>	235	220	231	231	238	190
<b>Guyana</b>	98	81	88	78	85	116
<b>Pakistan</b>	61	53	65	55	107	76
<b>Thailand</b>	60	60	68	65	63	75

Source: Eurostat

## 4 Intervention Stocks

### 4.1 Intervention stocks

		Greece	Spain	France	Italy	Hungary	Portugal	EU
<b>A. Stocks</b> At 9.1.04	J:	7,697	20,128	51,104	85,597	119	487	165,133
	I:	143,110	188,371	1,394	105,372	0	403	438,650
	<b>T:</b>	<b>150,808</b>	<b>208,499</b>	<b>52,498</b>	<b>190,970</b>	<b>119</b>	<b>890</b>	<b>603,783</b>
<b>B. Losses</b>	J:	0	495	194	895	0	1	1,585
	I:	980	952	0	4,207	0	0	6,139
	<b>T:</b>	<b>980</b>	<b>1,447</b>	<b>194</b>	<b>5,101</b>	<b>0</b>	<b>1</b>	<b>7,724</b>
<b>C. Sales</b> 1. Sold	J:	0	19,633	35,700	62,161	0	486	117,980
	I:	16,758	97,854	0	60,745	0	403	175,759
	<b>T:</b>	<b>16,758</b>	<b>117,487</b>	<b>35,700</b>	<b>122,906</b>	<b>0</b>	<b>888</b>	<b>293,739</b>
2. Committed	J:	4,346	0	0	0	0	0	4,346
	I:	16,630	0	0	0	0	0	16,630
	<b>T:</b>	<b>20,976</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,976</b>
<b>D. Purchases</b>	<b>T:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total I</b> <b>(A-B-C1+D)</b>	J:	7,697	0	15,210	22,542	119	0	45,568
	I:	125,373	89,565	1,394	40,420	0	0	256,752
	<b>T:</b>	<b>133,070</b>	<b>89,565</b>	<b>16,604</b>	<b>62,962</b>	<b>119</b>	<b>0</b>	<b>302,320</b>
<b>Total II</b> <b>(A-B-C1-C2+D)</b>	J:	3,351	0	15,210	22,542	119	0	41,222
	I:	108,743	89,565	1,394	40,421	0	0	240,122
	<b>T:</b>	<b>112,094</b>	<b>89,565</b>	<b>16,604</b>	<b>62,962</b>	<b>119</b>	<b>0</b>	<b>281,344</b>

Source: European Commission, September 2005

Notes: J – Japonica  
I – Indica  
T - Total

There was no rice offered into intervention during MY 04/05.

Sales/Committed means sales that are underway but have not yet been completed. Total I excludes sales underway, Total II includes them.

## 4.2 Age Profile of Intervention Stocks

	Harvest	1997	1998	1999	2000	2002	2003	Total
<b>Greece</b>	Japonica	3,951	1,863	0	0	1,883	0	<b>7,697</b>
	Indica	0	24,655	17,719	5,859	34,651	26,260	<b>109,143</b>
	<b>Total</b>	<b>3,951</b>	<b>26,518</b>	<b>17,719</b>	<b>5,859</b>	<b>36,535</b>	<b>26,260</b>	<b>116,841</b>
<b>Spain</b>	Japonica	0	0	0	0	0	0	<b>0</b>
	Indica	0	0	0	0	48,833	41,309	<b>90,142</b>
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>48,833</b>	<b>41,309</b>	<b>90,142</b>
<b>France</b>	Japonica	0	0	0	0	11,524	3,880	<b>15,404</b>
	Indica	0	0	0	0	0	1,394	<b>1,394</b>
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,524</b>	<b>5,274</b>	<b>16,798</b>
<b>Italy</b>	Japonica	0	0	0	0	0	23,057	<b>23,058</b>
	Indica	0	0	0	0	3,386	4,508	<b>7,893</b>
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,386</b>	<b>27,565</b>	<b>30,951</b>
<b>Hungary</b>	Japonica	0	0	0	0	0	119	<b>119</b>
	Indica	0	0	0	0	0	0	<b>0</b>
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>119</b>	<b>119</b>
<b>Portugal</b>	Japonica	0	0	0	0	0	0	<b>0</b>
	Indica	0	0	0	0	0	0	<b>0</b>
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EU</b>	Japonica	3,951	1,863	0	0	13,408	27,057	<b>46,278</b>
	Indica	0	24,655	17,718	5,859	86,870	73,470	<b>208,573</b>
	<b>Total</b>	<b>3,951</b>	<b>26,518</b>	<b>17,718</b>	<b>5,859</b>	<b>100,278</b>	<b>100,527</b>	<b>254,851</b>

Source: European Commission, Data to July 21, 2005.

Notes: There is no intervention rice left from either 2001 or 2004.

The data for the age profile of stocks and intervention stocks (4.1) do not match.

## 5 Commission Rice Market Balance Sheets, 03/04 and 04/05

European Commission Balance Sheets for EU-25 rice, 2003/04, 2004/05

Metric Tons	2003/04			2004/05		
	Japonica	Indica	Total	Japonica	Indica	Total
<b>Production</b>						
Area (ha)	266,254	140,943	407,467	263,636	164,942	428,578
Production (MT)	1,606,335	1,083,589	2,689,924	1,625,056	1,237,107	2,862,163
Yield (MT/ha)	6.00	7.70	6.60	6.20	7.50	6.70
Seed (MT)	51,100	61,400	82,500	51,850	36,100	87,950
Marketable Production	1,555,235	1,052,189	2,607,424	1,573,204	1,201,007	2,774,213
Milling Yield (%)	57	57	57	60	60	60
<b>Consumption and Stocks (MT)</b>						
Domestic availability	1,184,708	1,064,837	2,249,545	1,186,745	1,223,531	2,410,276
Starting stocks	296,064	463,071	759,135	240,578	497,226	737,804
o.w. intervention	142,881	254,206	397,087	101,252	243,978	345,230
o.w. private	153,183	208,865	362,048	139,326	253,248	392,574
Marketable from harvest	888,644	601,766	1,490,410	946,167	726,305	1,672,472
Needs	1,194,719	1,504,965	2,699,684	1,069,328	1,610,620	2,679,948
Internal Use	919,045	994,646	1,913,691	910,560	1,138,184	2,048,744
Ending Stocks	275,674	510,319	785,993	158,768	472,436	631,204
o.w. intervention	151,084	288,439	439,523	48,498	215,588	264,086
o.w. private	124,590	221,880	346,470	110,270	256,848	367,118
Internal Balance	-10,011	-440,128	-450,139	117,417	-387,089	-269,672
<b>Trade (MT)</b>						
Imports, Extra-EU	46,164	722,100	768,264	108,134	651,666	759,800
Exports, Extra-EU	135,111	141,741	276,852	296,700	104,603	401,303
Imports, Intra-EU	352,155	519,654	871,809	406,123	675,232	1,081,355
Exports, Intra-EU	253,197	659,885	913,082	334,974	835,206	1,170,180

Source: European Commission, July 2005

## 6 For further information

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